EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED
鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Eagle Legend Asia Limited (the "Company") announces the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 (the "Period") and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Unaudited Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*6*	**91,380**	117,911
Cost of sales and services		**(45,774)**	(49,455)
Gross profit		**45,606**	68,456
Gain arising from changes in fair value less costs to sell of biological assets		**94,581**	83,996
Other income and gains	*7*	**1,997**	1,993
Selling and distribution expenses		**(1,515)**	(1,261)
Administrative expenses		**(24,263)**	(31,700)
Other operating expenses	*8*	**(44,275)**	(37,453)
Finance costs	*9*	**(10,962)**	(24,541)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2019

		Unaudited Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Profit before income tax	*10*	**61,169**	59,490
Income tax credit	*11*	**1,868**	2,061
Profit for the period		**63,037**	61,551
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Loss on revaluation of properties, net of tax		**(699)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**2,795**	(11,072)
Total comprehensive income for the period		**65,133**	50,479
Profit/(loss) for the period attributable to:			
Owners of the Company		**10,690**	(2,726)
Non-controlling interests		**52,347**	64,277
		63,037	61,551
Total comprehensive income attributable to:			
Owners of the Company		**11,611**	(7,913)
Non-controlling interests		**53,522**	58,392
		65,133	50,479
Earnings/(loss) per share			
– Basic and diluted (HK cents)	*13*	**1.01**	(0.26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**Unaudited At 30 June 2019 *HK$'000***	Audited At 31 December 2018 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**360,865**	489,116
Right-of-use assets		**113,372**	–
Deferred tax assets		**1,779**	–
Goodwill		**76,376**	75,706
Deposits		**322**	107
		552,714	564,929
Current assets			
Biological assets		**6,346**	6,052
Inventories and consumables		**165,809**	92,012
Trade receivables	*15*	**50,659**	26,363
Prepayments, deposits and other receivables		**5,809**	8,704
Cash and cash equivalents		**95,260**	120,487
		323,883	253,618
Non-current asset held for sale	*14*	**11,880**	–
		335,763	253,618
Current liabilities			
Trade payables	*16*	**17,613**	27,145
Receipt in advance, accruals and other payables		**46,247**	31,832
Contract liabilities		**1,117**	2,858
Bank borrowing		**2,134**	2,100
Shareholder's loans	*17*	**183,000**	178,000
Lease liabilities		**27,732**	–
Finance lease payables		**–**	28,610
Deferred government grants		**1,204**	1,155
		279,047	271,700
Net current assets/(liabilities)		**56,716**	(18,082)
Total assets less current liabilities		**609,430**	546,847

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2019

	Unaudited At 30 June 2019 *HK$'000*	Audited At 31 December 2018 *HK$'000*
Non-current liabilities		
Bank borrowing	**12,729**	13,754
Lease liabilities	**40,090**	–
Finance lease payables	**–**	41,341
Deferred government grants	**7,489**	7,674
Deferred tax liabilities	**1,631**	1,720
	61,939	64,489
Net assets	**547,491**	482,358
EQUITY		
Share capital	**10,600**	10,600
Reserves	**272,862**	261,251
Equity attributable to the owners of the Company	**283,462**	271,851
Non-controlling interests	**264,029**	210,507
Total equity	**547,491**	482,358

NOTES

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Room 3607, 36/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The Group is principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery ("Construction Equipment Business"); and (ii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings ("Plantation Business").

The Company's issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 July 2010. The immediate and ultimate holding company of the Company is Harbour Luck Investments Limited, which is incorporated in Hong Kong with limited liability.

The condensed consolidated interim financial statements for the Period have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The preparation of the condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

The condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. The condensed consolidated interim financial statements contain condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements ("2018 Annual Financial Statements"). The condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2018 Annual Financial Statements.

2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2018 Annual Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. Save as disclosed in the changes in HKFRSs in note 3, the application of other new and revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in the unaudited condensed consolidated interim financial statements.

The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

3. CHANGES IN HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Interpretation 23, Uncertainty over Tax Treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term interest in Investments in Associates and Joint Ventures
- Amendments to HKFRS 3 included in Annual Improvements to HKFRSs 2015-2017 Cycle, Business Combinations
- Amendments to HKFRS 11 included in Annual Improvements to HKFRSs 2015-2017 Cycle, Joint Arrangements
- Amendments to HKAS 12 included in Annual Improvements to HKFRSs 2015-2017 Cycle, Income Taxes
- Amendments to HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases has been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

3. CHANGES IN HKFRSs (Continued)

(i) Impact of the adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "finance lease payables", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in the superseded HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

3. **CHANGES IN HKFRSs (Continued)**

(i) **Impact of the adoption of HKFRS 16 (Continued)**

The reconciliation of operating lease commitment to lease liabilities is set out below:

	1 January 2019 *HK$'000*
Operating lease commitments at 31 December 2018	**10,944**
Less: Recognition exemption – short-term leases	**(3,424)**
Less: Total future interest expenses	**(986)**
Add: Extension option reasonably certain to be exercised	**7,976**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	**14,510**
Add: finance lease liabilities recognised as at 31 December 2018	**69,951**
Total lease liabilities recognised at 1 January 2019	**84,461**
Analysed as:	
Current	**31,468**
Non-current	**52,993**
Total lease liabilities recognised at 1 January 2019	**84,461**

The lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 is ranging from 6.23 to 8.02%.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	1 January 2019 *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**14,510**
Amount included in property, plant and equipment under HKAS 17 – Assets previously under finance leases	**108,995**
Total right-of-use assets recognised at 1 January 2019	**123,505**

3. **CHANGES IN HKFRSs (Continued)**

(i) **Impact of the adoption of HKFRS 16 (Continued)**

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	Carry amount at 31 December 2018	Adjustments	**Carry amount at 1 January 2019**
	HK$'000	*HK$'000*	***HK$'000***
Line items in the condensed consolidated statement of financial position impacted by the adoption of HKFRS 16:			
ASSETS			
Property, plant and equipment	489,116	(108,995)	**380,121**
Right-of-use assets	–	123,505	**123,505**
LIABILITIES			
Finance lease payables (current)	28,610	(28,610)	**–**
Lease liabilities (current)	–	31,468	**31,468**
Finance lease payables (non-current)	41,341	(41,341)	**–**
Lease liabilities (non-current)	–	52,993	**52,993**
Effects on net assets	419,165	–	**419,165**

(ii) **The new definition of a lease**

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified assets for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified assets and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases in which the Group is a lessee.

3. **CHANGES IN HKFRSs (Continued)**

(iii) **Accounting as a lessee**

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the date of adoption of HKFRS 16, i.e. 1 January 2019.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease Liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

3. CHANGES IN HKFRSs (Continued)

(iii) Accounting as a lessee (Continued)

Lease Liability (Continued)

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

In accordance with the transitional provisions in HKFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Sub-lease

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

3. CHANGES IN HKFRSs (Continued)

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and finance lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2018 Annual Financial Statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 as described in note 3.

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group's operating locations.

The Group has identified the following reportable segments:

- Hong Kong Special Administrative Region ("Hong Kong")
- Singapore
- Vietnam
- Macao Special Administrative Region ("Macau")
- The People's Republic of China, excluding Hong Kong, Macau and Taiwan (the "PRC")

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. All inter- segment transfers are carried out at prices mutually agreed between the parties.

Segment assets include all assets but exclude corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

5. **SEGMENT INFORMATION (Continued)**

(a) Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below:

	Unaudited Six months ended 30 June 2019						
	Hong Kong *HK$'000*	**Singapore** *HK$'000*	**Vietnam** *HK$'000*	**Macau** *HK$'000*	**PRC** *HK$'000*	**Inter segment elimination** *HK$'000*	**Total** *HK$'000*
Revenue							
From external customers	35,678	26,513	–	–	29,189	–	91,380
From inter segment	–	–	–	–	–	–	–
Reportable segment revenue	35,678	26,513	–	–	29,189	–	91,380
Reportable segment (loss)/profit	(5,291)	(6,688)	(62)	(19)	88,461	–	76,401
Interest on shareholder's loans							(8,958)
Unallocated corporate expenses							
– Corporate staff costs							(3,476)
– Others							(930)
Profit for the period							63,037

	Unaudited At 30 June 2019						
	Hong Kong *HK$'000*	**Singapore** *HK$'000*	**Vietnam** *HK$'000*	**Macau** *HK$'000*	**PRC** *HK$'000*	**Inter segment elimination** *HK$'000*	**Total** *HK$'000*
Reportable segment assets	124,789	165,751	220	157	587,878	(2,510)	876,285
Non-current asset held for sale	11,880	–	–	–	–	–	11,880
Other unallocated segment assets							312
Total assets							888,477
Reportable segment liabilities	75,585	57,758	276	14	24,353	–	157,986
Shareholder's loans							183,000
Total liabilities							340,986

5. **SEGMENT INFORMATION (Continued)**

(a) (Continued)

	Unaudited Six months ended 30 June 2018						
	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Total *HK$'000*
Revenue							
From external customers	31,558	20,671	–	–	65,682	–	117,911
From inter segment	–	7,013	–	–	–	(7,013)	–
Reportable segment revenue	31,558	27,684	–	–	65,682	(7,013)	117,911
Reportable segment (loss)/profit	(7,504)	(10,419)	(63)	(16)	108,616	–	90,614
Interest on bonds payable							(22,197)
Unallocated corporate expenses							
– Corporate staff costs							(3,154)
– Others							(3,712)
Profit for the period							61,551

	Audited At 31 December 2018						
	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Total *HK$'000*
Reportable segment assets	149,726	172,955	289	173	493,850	(2,510)	814,483
Other unallocated segment assets							4,064
Total assets							818,547
Reportable segment liabilities	69,670	60,757	283	26	21,441	–	152,177
Shareholder's loans							178,000
Other unallocated segment liabilities							6,012
Total liabilities							336,189

5. **SEGMENT INFORMATION (Continued)**

(b) In the following table, revenue is disaggregated by primary geographical markets of which the external customers from. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segment.

	Unaudited For the six months ended					
	Construction Equipment Business		**Plantation Business**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets						
Hong Kong (place of domicile)	**35,678**	31,558	**–**	–	**35,678**	31,558
Singapore	**21,520**	16,473	**–**	–	**21,520**	16,473
Vietnam	**4,008**	973	**–**	–	**4,008**	973
PRC	**–**	–	**29,189**	65,682	**29,189**	65,682
Sri Lanka	**979**	39	**–**	–	**979**	39
Korea	**6**	3,186	**–**	–	**6**	3,186
Total	**62,191**	52,229	**29,189**	65,682	**91,380**	117,911

6. REVENUE

Revenue from the Group's principal activities during the Period is as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Sales of machinery	**14,671**	5,903
Sales of spare parts	**2,796**	3,778
Rental income from leasing of owned machinery	**14,673**	–
Rental income from subleasing of right-of-use assets	**10,151**	–
Rental income from leasing of owned plant and machinery and those held under finance leases	**–**	24,109
Rental income from subleasing of plant and machinery	**–**	216
Service income	**19,900**	18,223
Sales of dried exocarpium citri grandis	**29,189**	65,682
	91,380	117,911

In following table, revenue is disaggregated by timing of revenue recognition. The table also includes revenue from other sources and a reconciliation of the disaggregated revenue within the Group's reportable segment.

	Unaudited For the six months ended					
	Construction Equipment Business		Plantation Business		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Timing of revenue recognition						
At a point in time	**17,467**	9,681	**29,189**	65,682	**46,656**	75,363
Transferred over time	**19,900**	18,223	**–**	–	**19,900**	18,223
	37,367	27,904	**29,189**	65,682	**66,556**	93,586
Revenue from other sources	**24,824**	24,325	**–**	–	**24,824**	24,325
	62,191	52,229	**29,189**	65,682	**91,380**	117,911

7. OTHER INCOME AND GAINS

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**155**	558
Compensation received	**272**	666
Gain on disposal of property, plant and equipment	**–**	6
Government grants		
– for property, plant and equipment	**671**	593
Exchange gain, net	**318**	–
Recovery of impairment loss on trade receivables, net	**241**	–
Others	**340**	170
	1,997	1,993

8. OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment:		
– Owned assets	**18,907**	20,525
– Assets held under finance lease	**–**	7,460
Depreciation of right-of-use assets	**11,239**	–
Maintenance cost of mature bearer plants	**11,111**	9,468
Written off of mature bearer plants	**3,018**	–
	44,275	37,453

9. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Interest charges on financial liabilities stated at amortised cost:		
– Bank borrowing	**193**	165
– Bonds payable	**–**	22,197
– Shareholder's loans	**8,958**	–
– Finance lease payables	**–**	1,622
– Lease liabilities	**1,811**	–
– Other loans payable	**–**	557
	10,962	24,541

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment		
– Owned assets	**18,907**	20,525
– Assets held under finance leases	**–**	7,460
Depreciation of right-of-use assets	**11,239**	–
Maintenance cost of mature bearer plants	**11,111**	9,468
(Recovery of impairment loss)/impairment loss on trade receivables, net	**(241)**	423
Leases charges in respect of the premise *(Note)*	**548**	548
Written off of mature bearer plants	**3,018**	–
Employee costs, included in cost of sales and services and administrative expenses		
– Wages, salaries and bonus	**19,019**	20,865
– Contribution to defined contribution plans	**1,500**	1,728
Exchange (gain)/loss, net	**(318)**	1,729

Note: The premise is determined as short-term lease with remaining lease term ending on or before 31 December 2019.

11. INCOME TAX CREDIT

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Deferred tax	**1,868**	2,061
Total income tax credit	**1,868**	2,061

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Hong Kong, Singapore, Vietnam profits tax, Macau Complementary Tax and PRC Enterprise Income Tax ("EIT") have not been provided as the Group has no assessable profits in respective jurisdictions for the periods.

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full EIT exemption on profit derived from such business. For a subsidiary of the Group engaged in qualifying agricultural business in the PRC, it is entitled to full exemption of EIT for the periods.

12. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the Period (2018: nil).

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on following data:

	2019	2018
Earnings/(loss)		
Earnings/(loss) for the purposes of basic and diluted earning/(loss) per share *(HK$'000)*	**10,690**	(2,726)
Number of shares		
Weighted average number of ordinary shares	**1,060,000,000**	1,060,000,000
Basic and diluted earnings/(loss) per share *(HK cents)*	**1.01**	(0.26)

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share, as there were no potential dilutive ordinary shares issued during the periods ended 30 June 2018 and 2019.

14. CAPITAL EXPENDITURES

During the Period, the Group incurred capital expenditures of approximately HK$12,429,000 and HK$3,706,000 (2018: approximately HK$2,120,000 and HK$4,221,000) which were mainly related to the additions of property, plant and equipment and payments for plantation costs and others to immature bearer plants respectively.

Pursuant to written resolutions of board of directors dated 16 April 2019, the directors approved the disposal of the Group's revalued land and building in Hong Kong. Accordingly, management reclassified the revalued land and building to non-current asset held for sale as at 30 June 2019, as the carrying amount would be recovered principally through sale, the revalued land and building is available for immediate sale at their present conditions and such sale is considered highly probable. The disposal has not yet been completed as of 30 June 2019. Details of completion of disposal, please refer to note 18.

15. TRADE RECEIVABLES

	Unaudited	Audited
	At 30 June	At 31 December
	2019	2018
	HK$'000	*HK$'000*
Trade receivables, gross	**51,935**	27,878
Less: Loss allowance	**(1,276)**	(1,515)
Trade receivables, net	**50,659**	26,363

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 180 days (2018: 0 to 120 days) or based on the terms agreed in the relevant sales and rental agreements.

The ageing analysis of trade receivables as at the reporting date, net of impairment, based on invoice date, is as follows:

	Unaudited	Audited
	At 30 June	At 31 December
	2019	2018
	HK$'000	*HK$'000*
0–30 days	**36,747**	8,812
31–60 days	**3,871**	9,278
61–90 days	**2,572**	3,457
Over 90 days	**7,469**	4,816
	50,659	26,363

16. TRADE PAYABLES

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in the relevant purchase agreements.

The ageing analysis of trade payables as at the reporting date, based on the invoice date, is as follows:

	Unaudited At 30 June 2019 *HK$'000*	Audited At 31 December 2018 *HK$'000*
0–30 days	**5,000**	14,914
31–60 days	**4,958**	3,335
61–90 days	**1,600**	2,529
Over 90 days	**6,055**	6,367
	17,613	27,145

17. SHAREHOLDER'S LOANS

On 28 August 2018, the Company entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$173,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for fulfilment of financial obligations of the Group. On 28 August 2018, HK$173,000,000 was drawn down by the Company.

On 30 November 2018, the Company entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$5,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 3 December 2018, HK$5,000,000 was drawn down by the Company.

On 26 February 2019, the Company further entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 27 February 2019, HK$2,500,000 was drawn down by the Company.

On 24 April 2019, the Company further entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 25 April 2019, HK$2,500,000 was drawn down by the Company.

Mr. Zeng Li who is the sole director of the immediate and ultimate holding company of the Company and is also the director of the Company.

Shareholder's loans were not secured by any assets of the Group. In the opinion of the Directors, the shareholder's loans were granted to the Company on normal commercial terms or better to the Company.

18. EVENTS AFTER REPORTING DATE

Subsequent to the reporting date on 15 July 2019, a subsidiary of the Group (the "Subsidiary") entered into a deed of assignment with an independent third party (the "Purchaser") with the consideration of HK$12,000,000, in relation to the disposal of its revalued land and building in Hong Kong, the disposal has completed on the same date accordingly. On 16 July 2019, the Subsidiary entered into a tenancy agreement with the Purchaser to lease back the land and building with initial lease terms of two years. In the opinion of the directors, the transfer of the revalued land and building subsequent to the reporting period shall be accounted for as a sale as the Group satisfied the performance obligation by transferring control of the asset.

Ample Smart Development Limited, an indirect wholly-owned subsidiary of the Company, had submitted a tender dated 22 August 2019 to the The Government of the Hong Kong Special Administrative Region ("Hong Kong Government") to acquire a land located in Tuen Mun, New Territories, Hong Kong and had paid a refundable tender fee of HK$25.0 million. On 28 August 2019, the Hong Kong Government announced that the tender submitted has been unsuccessful. Further details are set out in the Company's announcement in relation to business update dated 28 August 2019.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend in respect of the Period (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

For the Period, the Group generated revenue of approximately HK$91.4 million (six months ended 30 June 2018: approximately HK$117.9 million) with a profit for the Period of approximately HK$63.0 million (six months ended 30 June 2018: profit of approximately HK$61.6 million) and profit for the Period attributable to owners of the Company of approximately HK$10.7 million (six months ended 30 June 2018: loss of approximately HK$2.7 million).

The decrease in the revenue for the Period was mainly attributable to the decrease of sales of exocarpium citri grandis.

The Group recorded revenue from sales of dried exocarpium citri grandis of approximately HK$29.2 million (six months ended 30 June 2018: approximately HK$65.7 million) for the Period under review. The revenue recorded were contributed by廣東大合生物科技股份有限公司 (for identification purpose, in English, Guangdong Dahe Biological Technologies Limited) ("Guangdong Dahe"), an indirect subsidiary of Best Earnest Investments Limited, which is principally engaged in the cultivation, research, processing and sales of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, Guangdong Province, the People's Republic of China (the "PRC"). Guangdong Dahe operates with over 95,000 fruit trees of exocarpium citri grandis on a total area of woodlands of 2,151.36 mu as at 30 June 2019, which is among one of the biggest cultivation business in its industry in Huazhou City.

Revenue from sales of machinery of approximately HK$14.7 million was recorded for the Period, representing a increase of approximately 149% over the amount we achieved in the six months ended 30 June 2018. This was due to the increase in demands of both new and used cranes in Hong Kong and Singapore.

Our rental income increased to approximately HK$24.8 million for the Period, representing an increase of approximately 2% as compared with approximately HK$24.3 million for the six months ended 30 June 2018.

Sales of spare parts of approximately HK$2.8 million was recorded for the Period, representing a decrease of approximately 26% over the amount recorded for the same period in 2018. The decrease was mainly due to the change in market demand of spare parts for the machinery. Service income was recorded at approximately HK$19.9 million for the Period, approximately 9% higher than that of approximately HK$18.2 million for the same period in 2018. This was due to the increase in demand for services including chargeable climbing and dismantling activities during the Period.

Overall, the Group incurred total administrative and other operating expenses of approximately HK$68.5million for the Period, representing a decrease of approximately 1% over the amount incurred in the six months ended 30 June 2018.

Earnings per share for the Period was HK1.01 cents (six months ended 30 June 2018: loss per share HK0.26 cents).

Outlook

Regarding the Group's business in cultivation, research, processing and sales of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, the PRC, the Group will continue to share its resources in overall management, marketing and distribution network for business development, as well as exercise its best efforts in formulating strategy as to strengthen the business by expanding its scale as well as its income base.

In view of the continuing promotion of exocarpium citri grandis by the local government of Huazhou City, the Group keeps reviewing and formulating proper strategies in its development, including the establishment of additional seedling bed for producing seedlings for sale to local farmers in Huazhou City, which may generate additional revenue for the Group as well as promoting the cultivation and expanding the market of exocarpium citri grandis; performing research and development in expanding its product line using exocarpium citri grandis as main ingredient; investing in purchasing equipments for the pre-processing of exocarpium citri grandis; and preparing the necessary application to the relevant authorities in the PRC for the food production licence which is necessary for processing and sale of exocarpium citri grandis as food products, etc.

Regarding the Group's construction equipment business in Singapore, due to improved construction activities, demand of tower crane rental business has steadily been increased from first quarter of 2019. Based on our current secured projects, the uptrend of rental income for the second half of 2019 shall remain. The Group observed that rental rates for tower crane will continue be steady as similar volume of projects available in the market. However, the on-going uncertain economic situation is casting shadow over the up trending demand of tower crane market. While the Group exercise caution and monitor market situation, study on bringing in larger capacity tower crane is underway to renew our fleet.

Regarding the construction equipment business in Hong Kong, compared to the year ending 2018, the market appears to be stable in terms of both demand and rental rates during the period. It is however observed that the demand for higher lifting capacity tower cranes has increased remarkably. The introduction and promotion of Modular Integration Construction ("MiC") technologies contribute to this trend. By adopting the concept of "factory assembly followed by on-site installation", MiC helps to ease some of the current challenges faced by the construction industry.

MiC is one of the identified supporting technologies under the Construction Innovation and Technology Fund ("CITF") scheme. The CITF helps fund the industry for those stakeholders who wish to employ consultants for a MiC project, or to purchase machines and components in relation to MiC. In view of the availability of this subsidy, it is expected that construction companies may be more eager to purchase their own higher lifting capacity tower cranes. This would translate into an opportunity to boost our tower crane trading activities in the coming years.

The largest developer in Hong Kong – Hong Kong Housing Authorities have updated its relevant guidelines in February 2019 inclusive in which is the need to install a secondary braking system in all tower cranes used in its job sites. Our relevant fleet will therefore need to be retrofitted and upgraded accordingly. To accommodate this, the Group will continue to renew our fleet including replacing of our aged tower cranes with new ones and to retrofit our relevant fleet member with the secondary braking system.

Demand for passenger hoist appears to have increased significantly over the period. We have recorded a satisfactory utilization or commitment rate of our passenger hoist rental business. We will continue to invest in new passenger hoists in the coming years to meet the increasing demand, as well as setting up our internal service team to further raise our margin and strengthen our service commitment to customers.

Looking ahead, the Group will continue to monitor and review its existing businesses and proactively formulate appropriate strategies in exploring new business opportunities in the market, as to expand its business scope which aim to contribute satisfying returns to the shareholders of the Company in the long run.

Subsequent Event after Reporting Period

Subsequent to the reporting date on 15 July 2019, a subsidiary of the Group (the "Subsidiary") entered into a deed of assignment with an independent third party (the "Purchaser") with the consideration of HK$12,000,000, in relation to the disposal of its revalued land and building in Hong Kong, the disposal has completed on the same date accordingly. On 16 July 2019, the Subsidiary entered into a tenancy agreement with the Purchaser to lease back the land and building with initial lease terms of two years. In the opinion of the directors, the transfer of the revalued land and building subsequent to the reporting period shall be accounted for as a sale as the Group satisfied the performance obligation by transferring control of the asset.

Ample Smart Development Limited, an indirect wholly-owned subsidiary of the Company, had submitted a tender dated 22 August 2019 to the Hong Kong Government to acquire a land located in Tuen Mun, New Territories, Hong Kong and had paid a refundable tender fee of HK$25.0 million. On 28 August 2019, the Hong Kong Government announced that the tender submitted has been unsuccessful. Further details are set out in the Company's announcement in relation to business update dated 28 August 2019.

Liquidity and Financial Resources

As at 30 June 2019, the Group had cash and cash equivalents of approximately HK$95.3 million (At 31 December 2018: approximately HK$120.5 million).

As at 30 June 2019, the Group's total assets amounted to approximately HK$888.5 million, representing an increase of approximately HK$70 million over that of 31 December 2018.

The Group's gearing ratio as at 30 June 2019 was 0.5 (At 31 December 2018: 0.5), which was calculated on the basis by dividing total debts (sum of shareholder's loans, bank borrowing and lease liabilities) by the total equity as at the respective dates.

During the Period and as at 30 June 2019, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers are usually denominated in Euro or United States dollar. Revenue and purchases in our cultivation, research, processing and sales of exocarpium citri grandis and its seedings in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and the PRC operations.

As at 30 June 2019, the Group had net current assets of approximately HK$56.7 million (At 31 December 2018: net current liabilities of approximately HK$18.1 million).

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangements are charged by reference to prevailing market rates.

The debts (including shareholder's loans, bank borrowing and lease liabilities) of the Group were denominated in HK$ and S$, of which approximately HK$212.9 million is repayable within one year after 30 June 2019 (At 31 December 2018: approximately HK$208.7 million) and approximately HK$52.8 million is repayable more than one year (At 31 December 2018: approximately HK$55.1 million).

Capital Structure

As at 30 June 2019, the Company's share capital comprised 1,060,000,000 issued ordinary shares of HK$0.01 each (the "Shares", each a "Share"). There was no change in the share capital of the Company during the Period.

Investment Position and Planning

Pursuant to the resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited ("Manta-Vietnam"), an indirect 67% owned subsidiary of the Company, dated 10 January 2013, the board of management resolved to liquidate Manta-Vietnam (the "Liquidation"). As at the date of this announcement, the Liquidation is still in process.

Pursuant to the written resolutions of the sole member and the sole director of Manta Services Management Limited ("Manta-Services") both dated 20 March 2019, it was resolved that (i) the business of Manta-Services was ceased with effect from 31 December 2018; and (ii) an application be made to the Registrar of Companies for deregistration of Manta-Services. As at the date of this announcement, the deregistration of Manta-Services is still in process.

Material Acquisition or Disposal of Subsidiary

Saved as disclosed elsewhere in this announcement, the Group had no material acquisition or disposal of subsidiary during the Period.

Pledge of Group Assets and Contingent Liabilities

At 30 June 2019, the Group's banking facilities were secured by a building of the Group, carried at cost, with an aggregate carrying amount of approximately HK$32.8 million (At 31 December 2018: approximately HK$33.4 million).

As at 30 June 2019, the Group, and the Company did not have any significant contingent liabilities (At 31 December 2018: Nil).

Employment and Remuneration Policy

As at 30 June 2019, the Group had a total of 120 (At 31 December 2018: 118) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015, 22 March 2017 and 24 December 2018.

As at 30 June 2019, the members of the Audit Committee comprises three independent non-executive Directors, namely Mr. Wan Tze Fan Terence (as chairman), Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters, including the review of the unaudited condensed consolidated interim financial statements for the Period under review, with the management and external auditor.

The external auditor has reviewed the unaudited condensed consolidated interim financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPETING INTERESTS

During the Period, none of the Directors, substantial shareholders or any of their respective associates (as defined in the Listing Rules) has any interest in a business which caused or might cause any significant competition with the business of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Having made specific enquiries, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

PUBLICATION OF 2019 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.elasialtd.com). The interim report of the Company for the Period, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course.

By order of the Board
Eagle Legend Asia Limited
Zeng Li
Chairman

Hong Kong, 28 August 2019

As at the date of this announcement, the Board comprises Mr. Zeng Li, Mr. Guo Peineng, Mr. Winerthan Chiu and Mr. Chen Huajie as executive Directors; and Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris as independent non-executive Directors.